

STATE SCHOOL AID UPDATE

Michigan Department of Education



May 2012

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MAY 2012 DURANT – RELATED DEBT SERVICE PAYMENT

The State School Aid Act, as amended by Public Act 142 of 1997, provided appropriations as part of a settlement to school districts involved in the *Durant* litigation as well as school districts not involved in the litigation (referred to as Non-*Durant* school districts). The act provided for most of the Non-*Durant* school districts to receive half of their *Durant* related settlement amount in ten annual cash payments (paid November 15, 1998 through November 2007), and the other half in fifteen annual payments (beginning May 15, 1999 through May 15, 2013). The May payments could be pledged for a bonding option and approximately 450 school districts chose to do so. The Michigan Municipal Bond Authority (MMBA) issued bonds for the Non-*Durant* school districts that elected to receive a lump sum amount from the MMBA rather than the fifteen annual payments. The Status Reports for the regular May 21, 2012 payment show *Durant* payments as the Section 11G line item. The status reports show the amount of the debt service paid on the districts' behalf to the bond trustee. Six districts elected not to use the bonding option and are receiving the 15 annual payments. The May 21, 2012 State School Aid Financial Status Reports for the districts that chose the bonding option as well as the six districts that chose to receive the 15 payments are on the Department's website. No action is required by the participating school districts to effectuate the debt service payments; all payments continue to be made by state appropriations for this purpose. The six districts that chose to receive the fifteen annual installments received a May 15, 2012 payment. Guidance related to accounting for the debt service is available on the Department's website at:

http://www.michigan.gov/mde/0,4615,7-140-6530_6605-22009--,00.html

. Questions related to the debt service schedules should be directed to the Michigan Municipal Bond Authority, (517) 373-1728 or treasmmba@Michigan.gov.

ELECTRONIC DAYS AND CLOCK HOURS REPORT

Through a partnership with the Center for Educational Performance and Information (CEPI), the Office of State Aid and School Finance has been working on the development of a new electronic version of the Days and Clock Hours of Instruction Report, Form DS-4168. The application will be available online, and will be a replacement for the paper method currently used to report these data. The Department previewed the application recently to attendants of the 2012 Michigan Pupil and Attendance Association (MPAAA) Spring Conference. We appreciated the positive reception at the conference, and hope that users will realize the benefits of the electronic form after its release, which is scheduled to take place this July. We will continue to update you on this transition in communications to follow. With questions related to this item, contact Brian Ciloski, State Aid and School Finance, (517) 373-3352 or email: CiloskiB@Michigan.gov.

STATE SCHOOL AID DATA UPDATED FOR MAY

The May state school aid payment is the 8th regular payment of the year and reflects 72.72% of the year's allocation for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Monday, May 21, 2012.

Taxable value figures used to calculate the May payment represent the tax year 2011 values provided by county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to May 1, 2012 were incorporated into the payment calculation. These data can be viewed by school district personnel on the Department's website. The URL is <http://mdoe.state.mi.us/taxvalue>. To view your data click on "Public Access," then choose your district code and then the appropriate tax year from the drop down menus.

Now that the taxable valuation collection process is web-based, county treasurers can revise the reported values at any time. At a minimum, we request that they revise the values on the same schedule that values were reported to the Department under the paper collection process (DS-4410). That means that county treasurers should have reported, by May 1, 2012, the taxable valuations as of the date that they settled with the local unit treasurers. The settlement numbers will have value changes from the July and December Boards of Review as well as any other changes since the fourth Monday in May 2011. Districts may want to contact their county treasurers as well to encourage them to report the revised values if it is apparent that they have not yet done so.

The **membership blend** used to calculate the May payment incorporated all Michigan Student Data System (MSDS) pupil (FTE) counts released to the Department as of May 1, 2012, the date the Department downloaded the pupil counts from the Center for Educational Performance and Information.

The following **categoricals** were updated in the May payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- ISD Great Start - Section 32j (Cheryl Hall, Office of Great Start/Early Childhood and Family Services, (517) 241-4766, HallC7@Michigan.gov)
- Great Start Readiness - Section 32d (Pat Sargent, Office of Great Start/ Early Childhood and Family Services, (517) 241-4741, SargentP@Michigan.gov)

INDIRECT COSTS

Current indirect cost rate information is available at:

http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html. The new rate information includes Special Education rates for 2011-2012 and preliminary rate information for 2012-2013. Form R0418a, *Costs for the Development of 2012-2013 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2012-2013 Federal Indirect Cost Rates* shows the results of the preliminary calculation. If you would like to adjust the cost data used to calculate your rates, please complete and submit form DS-4513 by June 1, 2012. If you have any questions or comments, please contact Phil Boone at (517) 335-4059 or BooneP2@Michigan.gov.

MAY REVENUE ESTIMATING CONFERENCE

Leaders from the House and Senate Fiscal Agencies and the State Treasurer met for the May Revenue Estimating Conference on May 16, 2012. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for FY 2013. The revenue consensus reached at the conference can impact state school aid. The consensus reached at the conference is that school aid fund revenues are projected to be \$112.5 million higher and \$114.5 higher for FY 2012 and 2013, respectively, than projected in January 2012. Information regarding the Revenue Estimating Conference can also be obtained from the House Fiscal Agency Website (www.Michigan.gov/HFA).

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 16, 2012

Local districts and public school academies receiving fiscal year 2012 funds under Section 31a At Risk are required to submit the fiscal year 2012 Section 31a Program Report to the Department by July 16, 2012. The report will be available **mid-June in the Michigan Electronic Grants System Plus (MEGS+)** at <https://mdoe.state.mi.us/MEGSPlus/>. If the report is not submitted by July 16, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment as required by the language in Section 31a of the State School Aid Act. These funds will be forfeited if the report is not received by October 1, 2012. If you have questions regarding Section 31a program and reporting requirements, please contact Michelle Patton, Section 31a Consultant, Office of Field Services, at (517) 373-6066 or PattonM@Michigan.gov. If you have MEGS+ related questions, please contact Judy Thelen, Analyst, Office of Field Services, at (517) 335-1266 or ThelenJ8@Michigan.gov.

DEFICIT FUND BALANCE INFORMATION

Districts that have budgeted a negative fund balance either in the current year or in fiscal year 2012-2013 should notify MDE as soon as possible. Please note that MDE staff will review budget information from all of the districts' websites after July 1, 2012. The Department will notify those districts found to have adopted deficit budgets that a DEP (or revised DEP for those districts already operating under an approved DEP) is to be submitted to the Department within 30 days of notification from the Department or 30 days after the State School Aid Budget is passed, whichever is later. The standard DEP spreadsheet, MDE requirements, and a list of districts currently operating under an approved DEP are available on our website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html. With questions related to this item, contact Jeff Kolb, State Aid and School Finance, (517) 373-1908 or email: KolbJ2@Michigan.gov.

GENERAL INFORMATION

- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$294.5438851591. Section 62 – Vocational Ed Millage Equalization is .9393455430. Section 56 – Special Ed Millage Equalization is .8795649933

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov